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The Common Market and the Canadian experience

The European Common Market is a form of economic association, which is frequently compared with other forms of association existing in different political contexts. The Common Market, which celebrated its 20th anniversary last January 1, has undergone an interesting evolution that cannot be explained fully in a few lines. Nevertheless, a few observations can be made on the ties uniting the Common Market countries and on those linking the provinces in the Canadian federal system.

I. The European situation

a) The search for greater stability

The idea of a European union capable of maintaining peace and stability grew out of the numerous conflicts that had marked the continent's history. In the 20th century, two world wars conclusively demonstrated the risks inherent in the strong nationalism of the European countries. After the repeated, large-scale devastation brought about by their national conflicts, Europeans were convinced that new measures were needed to put an end to such hostilities. At the same time, they wanted to establish a clearer line of demarcation between themselves and the two world powers, the United States and the Soviet Union.

In 1946, Winston Churchill advocated a Franco-German reconciliation within a politically integrated

Europe. In 1949, the North Atlantic Treaty Organization (NATO) was created, grouping 10 European countries plus Canada and the United States.

Economically, European countries drew markedly closer at the end of the '40s; they felt the need to join forces to ensure their prosperity and to be able to compete with the great commercial powers. The first step was the creation of the Organization for European Economic Co-operation (OEEC), a union of 16 European countries set up to ensure a better distribution of aid provided by the United States. Three different attempts at unifying groups of European countries then began: the Scandinavian unification project, never brought to fruition; the France-Italy union, which did not progress beyond the negotiation stage, and lastly, the successful creation of Benelux, an association grouping Belgium, the Netherlands and Luxembourg.

In 1950, the European Coal and Steel Community (ECSC) was created by the Treaty of Paris, but the Europeans soon discovered that it was unrealistic, and not very efficient, to seek association in only a small number of economic sectors. They also discovered that economic activities are strongly influenced by political activities. In 1957, the Rome Treaty extended economic integration through the establishment of a common market. The new association included the Federal Republic of Germany, France, Italy, the Netherlands, Belgium and Luxembourg. Several institutions, such as the Council of Ministers, the Commission of the European Communities, the Court of Justice and the European Parliament were established to administer this economic association. They employ 14,000 officials in Brussels alone.

b) Common Market institutions

The Council of Ministers

The council is composed of government representatives chosen by the member countries, and its function is to see that the general economic policies of the members are co-ordinated. In theory, council decisions were to be arrived at by majority vote, but in practice things have been quite different. As a general rule, the European ministers have had to negotiate until agreement was unanimous. These negotiations often have been long and costly, and on some occasions completely unsuccessful. For example, the Europeans have made repeated attempts during the past few years to agree on a common fisheries policy. At the beginning of 1978, the development of this policy was blocked when one country rejected an agreement that had been accepted, after very difficult negotiations, by all the other countries. Thus a political deadlock has delayed the establishment of a European internal fisheries system.

The Commission of the European Communities

The commission is the most important administrative body of the Common Market. It has certain powers to implement the various treaties uniting the member countries. All of these countries do not, however, wield the same power or influence within the commission. The four most important ones, Germany, France, Italy and Great Britain, each have two representatives on the commission while the others have only one. Thus, all the countries involved in the European economic association are not necessarily on an equal footing. The influence each country has is roughly equivalent to the size of its population and the importance of its economy.

The European Court of Justice

The European Court of Justice is composed of nine judges appointed for a six-year period by the governments of the member countries, which must agree on the choice of candidates. The court ensures that the law is respected in the interpretation and application of the Common Market treaty. The court may oblige member countries to meet any unfulfilled obligations under the treaty. It may also impose sanctions on member countries.

The European Parliament

The European Parliament is composed of 198 members chosen by the national parliaments. The number of delegates for each country is proportional to the size of its population. The parliament gives its opinion on any draft decisions prepared by the commission for the Council of Ministers. Some observers believe that the Parliament's authority will be strengthened when its members are elected directly by the people. This is scheduled for the spring of 1979.

c) Development of the Common Market

The Rome Treaty made it possible for workers, capital and companies to move freely among member countries, which adopted a common trade policy with regard to non-member countries and gave up their right to conclude separate trade agreements with any other country. Thus in joining forces on the economic level, the members of the Common Market had to surrender some of their sovereignty. Member countries could no longer pursue their own agricultural or tariff policies; they had to accept policies common to all the members. For this reason, France was not allowed to make its own decision

on the level of tariff protection to grant its industries. It had to discuss the matter at length and reach an agreement with the other eight members of the Common Market.

These points were offset, however, by the very positive results of the creation of a single commercial market: trading among member countries, industrial production and the standard of living all rose dramatically.

In order to increase the benefits of their association, the member countries had to co-ordinate their efforts and bring their policies and laws into line in a growing number of areas. For instance, the member countries had to revise some of their monetary and transport policies, as these had a marked impact on the common agricultural policy. The Europeans realized that the benefits of their association would not increase unless their economies were integrated more completely. They also saw that an economic association cannot grow and become more effective if it is not complemented by political association. In other words, the advantages of economic association cannot increase without the member countries losing a degree of independence in a large number of areas.

Lastly, some of the heads of the Common Market are attaching more and more importance to matters directly related to daily life, such as the creation of jobs and the improvement of road networks, and are aware of the necessity of a better system of sharing the collective wealth among Europeans. The development of a sound economic union requires a levelling of regional disparities, and this is impossible without political authority to effect a redistribution of wealth.

The European Common Market has admitted

three new members since 1972. They are Great Britain, Ireland and Denmark. At the present time, Greece, Spain and Portugal are negotiating the conditions for their entry into the Common Market.

II. The Canadian situation

By choosing a federal system of government in 1867, Canada effected the political and economic union of citizens from different regions and ethnic groups. Thus, for more than 110 years, Canadians have profited from the advantages of the political and economic integration which many Europeans are now pursuing.

Unlike the Common Market, where the governments of member countries can easily prolong negotiations and can often prevent arrangements from being worked out, the Canadian federal government conciliates regional interests, as its mandate is conferred directly by the whole of the Canadian population.

The federal system provides Canadians with a political framework for their economic and social activities. Furthermore, in the Canadian federal system, the policy of sharing resources has helped to reduce regional disparities among the various areas of the country. Unlike Common Market member countries, which have to contend with marked economic and social discrepancies, each of the Canadian provinces has long benefited from the federal government's redistribution programs.

The Province of Alberta, for instance, received federal support when it encountered serious economic difficulties during the 1950s. Today Alberta is co-operating with the federal government to provide financial aid to the less fortunate provinces.

In a federal system, the poorer provinces are not at the mercy of the wealthier ones. Where a simple association is vulnerable to any change in circumstances, a federation establishes ties of solidarity among its members. Although the matter of the respective jurisdictions of the two levels of government periodically gives rise to tensions in Canada, our system makes possible a better conciliation of regional interests than does a simple association of countries, where every decision must in practice be arrived at through unanimous consent.

Thus, the collective interest is not subject to the veto of a particular interest, since the federal Constitution allows for the pursuit of common goals such as prosperity, health, and cultural development. When a crisis such as the oil shortage of 1973 arises, the advantages of a federal system that allows 23 million Canadians to join forces and work together are obvious.

The European experience demonstrates the need of members of an economic association to seek political integration. Canadian federalism, on the other hand, is a form of political and economic association whose advantages far outweigh the limited benefits of a simple economic union.

This text does not necessarily represent the official position of the Government of Canada but seeks to contribute to the dialogue on this subject.

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